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SOURCE Magyar Kozlony.

ISSUES REGULATIONS FOR AGRICULTURAL PRODUCTION CONTRACTS

To develop the system of agricultural production contracts, the Council of Ministers has issued decree No 167/1951 (IX.9) M.T., the principal provisions of which are as follows:

The purchaser is required to accept delivery of the agricultural products and to furnish certain means for the promotion of production, while the producer pledges himself to grow the plants specified in the contract and to deliver the crops.

Only state enterprises are allowed to enter into contract with producers' cooperatives or independent farmers. In exceptional cases, with the permission of the Minister of Agriculture, contracts may be made with kulaks.

Unified direction of contractual production is exercised by the Minister of Agriculture, and the presidents of town and city councils are responsible for the local coordination and supervision of the contracts. Production contracts may be entered into only on forms authorized by the Minister of Agriculture, Minister of Finance, the President of the National Planning Office, and, in some cases, by other ministries.

To promote production, funds and goods may be advanced to producers. The rate of interest is determined by the Minister of Agriculture, who may also order advances free of interest. Producers who exceed their contractual obligations qualitatively or quantitatively may be awarded a bonus.

The duties of the purchaser are as follows:

1. Advance payments and goods, including seeds, fertilizer, etc., within established time limits.
2. Furnish instructions for the producer.
3. Accept the crops within established time limits.

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4. Settle the contract and pay for deliveries at the prices and due date stipulated in the contract, after deduction of advances.

The producer has the following obligations:

1. Use the advanced payments or goods in accordance with the terms of the contract.
2. Perform planting -- in area, time, and manner -- as specified in the contract.
3. Observe the production directives and specifications of the purchaser.
4. Deliver all or part of the crop in accordance with the terms of the contract.
5. Refund to the purchaser all debts incurred under the contract which could not be deducted from the proceeds of deliveries.

As representative of the purchasers, the local farmers' cooperative shall enter into contract with independent farmers. Advance payments and goods will be distributed by the cooperative among the independent farmers. It is the duty of the cooperative to collect the crops and to settle payments.

Activities of the farmers' cooperatives in connection with contracted production are supervised by the National Association of Cooperatives and the County Association of Cooperatives. Disputes arising from the execution of the contracts are settled by the agricultural section of the executive committee of the district or city council.

Violation of the terms of the contract may be punished by jail sentence not to exceed 6 months. The maximum amount of fine is 20,000 forints.

This decree is not applicable to contracts for the 1950-1951 production year.

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